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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

July 13, 1992

ORIGINAL
FILE

Donna R. Searcy
Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Dear Ms Searcy:

Re: *CC Docket No. 92-91, Transmittal Nos. 130, 132, 137, 140 - Nevada Bell Revisions to Tariff F.C.C. No. 1 and Open Network Architecture Tariffs of Bell Operating Companies*

On behalf of Nevada Bell, please find enclosed an original and six copies of its "Supplemental Direct Case" in the above proceeding.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,



Enclosures

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JUL 13 1992

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)	
)	
Nevada Bell)	Transmittal Nos. 130, 132,
Revisions to Tariff F.C.C. No. 1)	137, 140
)	
Open Network Architecture Tariffs)	CC Docket No. 92-91
of Bell Operating Companies)	
)	

SUPPLEMENTAL DIRECT CASE OF NEVADA BELL

Pursuant to the Order Designating Issues for Investigation released by the Commission on June 10, 1992, ("Supplemental Designation Order"),¹ Nevada Bell hereby responds to the Commission's request to supplement its Direct Case with information relating to its Transmittal No. 130. Transmittal No. 130 contains rates for the BSEs of Verify Integrity of Subscriber Lines, Availability and Stop Hunting Control Arrangement and Direct Inward Dialing ("DID").

Specifically, Nevada Bell is directed to answer issues (2), (3) and (4) in the prior ONA Designation Order relating to the reasonableness of the rates for the BSEs include in Transmittal No. 130². Nevada Bell is also directed to

¹ In the Matter of Nevada Bell Revisions to Tariff F.C.C. No. 1 Open Network Architecture Tariffs of Bell Operating Companies, CC Docket No. 92-91, Order Designating Supplemental Issues for Investigation, released June 10, 1991 ("Supplemental Designation Order").

² Id. at para. 4. Transmittal No. 130 has been amended by Transmittal Nos. 132, 137, and 140.

incorporate by reference answers it included in its Direct Case for issues (2) and (3) to the extent those answers apply to the BSE rates in Transmittal No. 130.³

I. MODEL OFFICE DEVELOPMENT -- ISSUE NO. 2

The Bureau seeks information on the data used to create the model office in the SCIS model.⁴

Nevada Bell selected model offices that are representative of offices that we believe may be used to provide the Availability and Stop Hunting Control Arrangement and DID. Since Nevada Bell does not anticipate any demand for the BSE of Availability and Stop Hunting Control Arrangement or DID, on advice of the Commission Staff, Nevada Bell utilized a demand of one. This demand was applied to the two technologies where Nevada Bell anticipates any possible demand. As Nevada Bell is unable to predict where demand for this service may occur, Nevada Bell assumed the demand would be evenly divided among these two switch technologies. No sampling was required because Nevada Bell included all switching offices and remotes that we believe may be used to provide these BSEs in the data used by SCIS to establish the model offices from which SCIS developed cost data for the vertical service functions.

³ Id.

⁴ In the Matter of Open Network Architecture Tariffs of Bell Operating Companies, CC Docket No. 92-91, Order Designating Issues for Investigation, released April 16, 1992 (Designation Order) para. 3.

There is no recurring rate applicable to Verify Integrity of Subscriber Lines for the BSE. The nonrecurring charge was not developed in the SCIS model.

With respect to assumptions regarding switch replacement, Nevada Bell incorporates Section I.B. of its Direct Case by reference. Nevada Bell's Direct Case is attached as Appendix A.

II. COST OF MONEY -- ISSUE NO. 3

The Bureau directs carriers that used a cost of money greater than 11.25%, either as a SCIS variable or at any point in the ratemaking process, to explain why the use of such a "cost of money" is reasonable.⁵

Nevada Bell incorporates Section II of its Direct Case by reference.

III. INCLUSION OF LESS AND LAESS SWITCH COSTS -- ISSUE 4

The Bureau directs carriers that based their BSE rates in part on costs associated with LESS and LAESS switches to explain why including costs for this switching equipment in BSE rate development is reasonable.⁶

Nevada Bell does not have any LAESS and LESS switches in its technology mix.

⁵ Id.

⁶ Id.

IV. CONCLUSION

Nevada Bell's answers to the Bureau's questions show that its rates for the BSE's in Transmittal No. 130 as amended by Transmittal Nos. 132, 137, and 140 are just and reasonable. Therefore, they should be permitted to remain in effect without any changes.

Respectfully submitted,

NEVADA BELL



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Date: July 13, 1992

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Before the
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Washington, DC

MAY 18 1992

Federal Communications Commission
Office of the Secretary

In the Matter of)
)
Open Network Architecture Tariffs) CC Docket No. 92-91
of Bell Operating Companies)
)

DIRECT CASE OF NEVADA BELL

Pursuant to the Order Designating Issues for Investigation released by the Commission on April 16, 1992 ("Designation Order"),¹ Nevada Bell submits this Direct Case showing that its Open Network Architecture (ONA) tariffs are just and reasonable and should be permitted to remain in effect unchanged.

I. THE MODEL OFFICE INPUTS TO SCIS ARE APPROPRIATE.

A. Model Office Development.

The Bureau seeks information on the data used to create the model in the SCIS model.²

Nevada Bell has selected model offices that are representative of offices that will be used to provide BSEs. As

¹ Open Network Architecture Tariffs of Bell Operating Companies, CC Docket No. 92-91, Order Designating Issues for Investigation, DA 92-483, released April 16, 1992.

² Designation Order, p. 3.

required, Nevada Bell utilized the last year's demand (1990) to identify the demand on Nevada Bell's central offices. This demand was applied against those offices that will be providing the forecasted service. No sampling was required because Nevada Bell included all switching offices and remotes in the data used by SCIS to establish the model offices from which SCIS developed cost data for the vertical service functions.

B. Assumptions Regarding Switch Replacement Are Appropriate.

The Bureau requests information on the assumptions regarding switch replacement and switch capacity at replacement that are used to develop the SCIS "model office".³ At the time the studies were performed the inputs used for the SCIS "model office" assumed that the replacement of the switches would occur at the time the switching capacity was exhausted.

II. A COST OF MONEY GREATER THAN 11.25% MAY BE APPROPRIATE.

The Bureau has directed carriers that used a cost of money greater than 11.25%, either as a SCIS variable or at any point in the ratemaking process, to explain why the use of such a "cost of money" is reasonable.⁴

3 Id.

4 Id., p. 3.

While Nevada Bell utilized 11.25% for both the SCIS runs and the return, the use of a cost of money that exceeds 11.25% could indeed be reasonable. From a cost of service perspective, the use of the current or future cost of money will reflect the actual cost to the firm. This cost changes over time as a result of demographic and economic shifts in our society. Additionally, the changes in cost of money are generally small shifts. As a result, a small shift in the cost of money will not have a material affect on the SCIS run or the return component of the annual cost.

III. DIFFERENCES BETWEEN BSE RATE AND UNIT COSTS ARE JUSTIFIED.

The Bureau is concerned that some BSE rates do not appear to represent the aggregate of direct costs plus overheads and directs carriers either to demonstrate that the unit costs it used are in fact equivalent to the tariffed rate or to justify the difference between the rate and unit costs (direct cost plus overheads).⁵ The Bureau has questioned Nevada Bell's rates for Calling Billing Number Delivery (ANI), Multiline Hunt Group and Multiline Hunt Group Uniform Call Distribution Line Hunting.

Calling Billing Number Delivery (ANI), filed in the November 1, 1991 ONA filing, has a monthly rate of \$0.000253. The demand and cost of this BSE was so low that it resulted in no change in the unbundled Local Switching rate (LS2) corresponding

⁵ Designation Order, p. 4.

to this BSE. Had the rate been priced any closer to cost, the LS2 rate (and therefore, the LS1 rate developed using Part 69 rules) would not have been offset. Nevada Bell priced the BSE in order to lower the unbundled Local Switching rates and achieve revenue neutrality.


Multiline Hunt Group has a monthly cost of \$1.33 and a proposed rate of \$1.75. Multiline Hunt Group Uniform Call Distribution - Line Hunting has a monthly cost of \$1.79 and a proposed rate of \$2.00. The current demand is all from a single switch technology. The SCIS program showed, however, that if there were additional demand in other switch technologies, it would increase the cost of the BSE. In order to avoid any underrecovery of costs due to such additional demand, a small markup was added to the direct cost.

IV. CONCLUSION.

Nevada Bell's answers to the Bureau's questions show that its rates for BSEs are just and reasonable. Therefore, they should be permitted to remain in effect without any changes.

Respectfully submitted,

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Its Attorneys

Date: May 18, 1992

CERTIFICATE OF SERVICE

I, D. A. Loomis, hereby certify that copies of the foregoing "Supplemental Direct Case of Nevada Bell", in the Matter of Open Network Architecture Tariffs of the Bell Operating Companies in CC Docket 92-91, were served by hand or by first-class United States mail, postage prepaid, upon the parties on the attached Service List on this 13th day of July, 1992.

A handwritten signature in cursive script, appearing to read "D. A. Loomis", is written over a horizontal dashed line.

D. A. Loomis

Nevada Bell

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